

## Message Text

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FM SECSTATE WASHDC

TO USMISSION USUN NEW YORK

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FOLLOWING TELEGRAM FROM SECSTATE WASHDC DATED APRIL 24, 1974  
SENT ACTION BUENOS AIRES INFO PARIS, SAN JOSE, GENEVA IS RE-  
PEATED TO YOU: QUOTE

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FOR LAWRENCE IN GENEVA

NESCO

E.O. 11652: N/A

TAGS: AORG, UNESCO

SUBJECT: HANDLING OF SOVIET ARREARAGES

REF: PARIS 08969 NOTAL, STATE 71584 NOTAL

FOR YOUR INFORMATION, THE FOLLOWING IS BACKGROUND ON SOVIET  
ARREARAGES.

1. UNESCO'S 17TH GENERAL CONFERENCE ON NOVEMBER 17, 1972,  
ADOPTED A RESOLUTION WHICH:

A. WAIVED CHINESE ARREARAGES OF \$2.6 MILLION. THIS  
AMOUNT WAS OWED BY REPUBLIC OF CHINA AND WAS NOT RE-  
COGNIZED BY PEOPLES REPUBLIC OF CHINA AT TIME IT RE-  
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PLACED ROC IN UNESCO IN OCTOBER 1971. THE US SUPPORTED

THIS ACTION.

B. HAD THE EFFECT OF WAIVING THE THREE SOVIET SOCIALIST REPUBLICS' ARREARAGES OF ABOUT \$1.7 MILLION. THIS IS AMOUNT THEY DID NOT PAY DURING 1961-1971 BECAUSE OF THEIR NON-ACCEPTANCE OF A 1960 GENERAL CONFERENCE DECISION WHICH REDUCED THE CHINESE ASSESSMENT FROM 4.7 TO 2.5. THE U. S. VOTED AGAINST THIS PART OF THE RESOLUTION.

C. ESTABLISHED A DEBIT ACCOUNT TO WHICH FUTURE SURPLUSES WOULD BE CREDITED UNTIL DEBIT AMOUNT OF \$1.7 MILLION HAS BEEN LIQUIDATED.

2. SINCE SURPLUSES NORMALLY ARE RETURNED TO MEMBER STATES THROUGH A LOWERING OF GROSS BUDGET TO REACH ASSESSED BUDGET, THE EFFECT IS THAT ALL MEMBER STATES ARE PAYING FOR FORGIVENESS OF ARREARAGES OF THREE SSR'S.

3. THE U. S. AND SOME OTHER DELEGATIONS MAINTAINED THAT APPROVAL OF SECTION CONTAINING SSR WAIVER REQUIRED A MAJORITY OF TWO-THIRDS, BUT PRESIDENT OF GC RULED OTHERWISE. HIS DECISION WAS APPEALED BUT WAS UPHELD BY THE PLENARY. TO US, A DECISION "NOT TO APPLY" A FINANCIAL REGULATION IS THE SAME AS "TO SUSPEND" A FINANCIAL REGULATION, AND IN THE LATTER CASE THE RULES OF PROCEDURE SPECIFY THAT A 2/3RDS MAJORITY IS REQUIRED.

4. THE ARGENTINE DELEGATE, DELL 'ORO MAINI, IN EXPLAINING HIS NEGATIVE VOTE ON THE RESOLUTION AS WHOLE, STATED THAT AS RESULT OF PRECEDENT ESTABLISHED BY GC VOTE -- WHICH APPROVED RUSSIA'S RIGHT TO WITHHOLD PART OF ITS ASSESSMENT ON BASIS OF UNILATERAL POLITICAL DECISION -- ARGENTINA RESERVED ITS RIGHT IN FUTURE TO WITHHOLD PART OF ITS ASSESSMENT. COSTA RICA RESERVED ITS POSITION ON THIS MATTER. THE U. S. RESERVED ITS POSITION AND ITS RIGHT TO RETURN TO THIS GENERAL ISSUE AT AN APPROPRIATE FUTURE TIME.

5. THE DEPARTMENT'S VIEW IS THAT BY WAIVING SOVIET ARREARAGES ON GROUNDS OF OVER-ASSESSMENT, THE 17TH GC IN EFFECT LIMITED OFFICIAL USE

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DETERMINED RETROACTIVELY THAT NOT ONLY THE THREE SOVIET GOVERNMENTS-BUT ALL REPEAT ALL GOVERNMENTS HAVE BEEN OVER-ASSESSED THEIR PORTION OF THE AMOUNT BY WHICH CHINA WAS GIVEN A REDUCTION IN ITS ASSESSMENT PERCENTAGE FROM 1961-1971. WE HAVE COMPUTED THAT ON THE BASIS OF COMPARATIVE PERCENTAGES FOR 1972, THE EQUIVALENT OF THE \$1.7 MILLION IN SOVIET UNPAID ASSESSMENTS WOULD AMOUNT TO \$3.237 MILLION FOR THE U. S.

6. THE DEPARTMENT WISHES TO HAVE THE ISSUE REOPENED AT THE 18TH GC IN OCTOBER 1974, BUT DOES BELIEVE SUCCESS MORE LIKELY IF OTHER COUNTRIES SPONSOR A RESOLUTION FOR A REFUND FROM FUTURE BUDGET SURPLUSES, TO ALL THOSE WHO "OVER-PAID", I.E. EVERYONE EXCEPT THE THREE SSR'S.

7. THE PREVIOUS USREP UNESCO HELD SEVERAL CONVERSATIONS WITH ARGENTINA'S AMBASSADOR DELL 'ORO MAINI. DELL 'ORO MAINI INDICATED THAT HE HAD SUBMITTED A MEMORANDUM TO HIS GOVERNMENT, SHORTLY AFTER THE GC, RECOMMENDING THAT ARGENTINA TAKE THE LEAD AT THE 18TH GC TO INSURE THAT ALL MEMBER STATES WOULD RECEIVE REFUNDS OVER A PERIOD OF TIME TO COVER THE "OVER-ASSESSMENT" RESULTING FROM THE SPECIAL TREATMENT GIVEN TO THE REPUBLIC OF CHINA. AT THAT TIME HE HAD NOT HAD A REACTION FROM HIS GOVERNMENT BUT FELT THAT THERE WOULD BE NO DIFFICULTY AND THAT, AT ANY RATE, IT WOULD BE UP TO HIM TO TAKE THE INITIATIVE. SINCE A NEW GOVERNMENT WAS THEN BEING ESTABLISHED IN BA, HE INTENDED TO WRITE A NEW MEMORANDUM ON THE SUBJECT FOR THE NEW FOREIGN MINISTER. HE STATED HE WOULD CONSULT WITH OTHER LATIN AMERICAN DELEGATIONS, ESPECIALLY COSTA RICA, TO SEE IF A JOINT EFFORT COULD BE MADE LEADING TO THE SUBMISSION OF A DRAFT RESOLUTION. THE USREP GAVE THE ARGENTINE AMBASSADOR A ROUGH TEXT OF THE TYPE OF DRAFT RESOLUTION THAT MIGHT BE USED.

8. IN PAYING CY 1973 ASSESSMENT, THE U. S. HAS DELAYED PAYING \$4 MILLION WHILE IT CONSIDERS WHAT TO DO ABOUT SOVIET ARREARAGES. UNESCO HAS NOT BEEN ADVISED OF THE REASON FOR THE DELAY.

9. THE ISSUE IS IMPORTANT NOT ONLY BECAUSE OF THE LIMITED OFFICIAL USE

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SITUATION IN UNESCO BUT ESPECIALLY BECAUSE PRECEDENT COULD BE EVOKED IN EFFORT TO OBTAIN FUTURE FORGIVENESS OF THE SOVIET ARREARAGES IN THE UN ITSELF, AMOUNTING TO \$105 MILLION.

10. THE DEPT. WISHES TO CONTINUE WORKING WITH ARGENTINA, COSTA RICA, AND OTHER LIKE-MINDED STATES TOWARDS OBTAINING THE BENEFITS ACCORDED THE SOVIETS FOR ALL MEMBER STATES AT THE 18TH GENERAL CONFERENCE (BEGINNING OCTOBER 16).

11. WHILE EMBASSY IS NOT REQUESTED TO TAKE SPECIFIC ACTION AT THIS TIME, IT SHOULD FEEL FREE TO DISCUSS THIS MATTER WITH GOVERNMENT OFFICIALS IF APPROPRIATE OCCASIONS ARISE.

12. STATE 71584 IS BEING REPEATED TO BUENOS AIRES; STATE

71584 AND PARIS 08969 BEING REPEATED TO COSTA RICA; PARIS  
08969 IS BEING REPEATED TO GENEVA. KISSINGER UNQUOTE RUSH

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